

AMENDED IN ASSEMBLY MARCH 28, 2007

CALIFORNIA LEGISLATURE—2007–08 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1040**

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**Introduced by Assembly ~~Member Duvall~~ Members *Duvall and Nakanishi***

February 22, 2007

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An act to amend Section 17072 of, and to add Section 17204 to, the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1040, as amended, Duvall. Income taxes: deduction: medical care.

The Personal Income Tax Law authorizes various deductions in computing income subject to taxation.

This bill would allow a deduction in computing adjusted gross income for the costs of health insurance, as provided.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 17072 of the Revenue and Taxation Code
- 2 is amended to read:
- 3 17072. (a) Section 62 of the Internal Revenue Code, relating
- 4 to adjusted gross income defined, shall apply, except as otherwise
- 5 provided.

(b) Section 62(a)(2)(D) of the Internal Revenue Code, relating to certain expenses of elementary and secondary school teachers, shall not apply.

(c) The deduction allowed by Section 17204, relating to medical care, shall be allowed in computing adjusted gross income.

SEC. 2. Section 17204 is added to the Revenue and Taxation Code, to read:

17204. (a) There shall be allowed a deduction in an amount equal to the cost, not compensated by insurance or otherwise, paid or incurred during the taxable year by the taxpayer for medical care for the taxpayer, his or her spouse, his or her dependents, and, in the case of a married couple, any dependents of each spouse.

(b) *For purposes of this section:*

(1) *“Taxpayer” means any person subject to the tax imposed by this part.*

(2) *“Dependent” has the same meaning as ascribed to that term by Section 17056.*

(3) *“Medical care” has the same meaning ascribed to that term by Section 213(d) of the Internal Revenue Code.*

(c) *The deduction allowed by this section shall be in lieu of any other deduction otherwise allowable by this part for the costs for which the deduction is allowed by this section.*

SEC. 3. This act provides for a tax levy within the meaning of Article IV of the Constitution and shall go into immediate effect.